

**§ 3212.23 How will the production incentive apply to a qualified expansion project?**

(a) The production incentive will begin on the first day of the month following the commencement of commercial operation of the qualified expansion project. The incentive will be in effect for up to 48 consecutive months, applicable only to those months in which the actual generation from the facility or facilities affected by the project exceeds the target generation established by BLM. The amount of the production incentive is established in MMS regulations at 30 CFR 218.307.

(b) The production incentive will apply only to the increase in net generation. The increase in generation for any month in which the production incentive is in effect will be determined as follows:

$$\Delta G_i = G_{a,i} - \frac{G_{t,i}}{1.1}$$

where:

$i$  is a month for which a production incentive is in effect;

$\Delta G_i$  is the increase in generation for month  $i$  to which the production incentive applies;

$G_{a,i}$  is the actual generation in month  $i$ ;

$G_{t,i}$  is the target generation in month  $i$ , as provided in § 3212.19(b).

**§ 3212.24 How will the production incentive apply to a new facility?**

(a) If BLM determines that your project qualifies as a new facility, the production incentive will begin on the first day of the month following the commencement of commercial operations at that facility, and will be in effect for 48 consecutive months. The incentive applies to the entire commercial generation of electricity from the new facility.

(b) The amount of the production incentive is established in MMS regulations at 30 CFR 218.307.

**§ 3212.25 Can I convert the royalty rate terms of my lease in effect before August 8, 2005, to the terms of the Geothermal Steam Act, as amended by the Energy Policy Act of 2005?**

(a) If a lease was in effect before August 8, 2005, the lessee may submit to

BLM a request to modify the royalty rate terms of your lease to the applicable royalty rate or direct use fee terms prescribed in the Geothermal Steam Act as amended by the Energy Policy Act of 2005. You may withdraw your request before it is granted, but once you accept the new terms, you may not revert to the earlier royalty rates. If your request to modify is granted, the new royalty rate or direct use fees will apply to all geothermal resources produced from your lease for as long as your lease remains in effect. A modification under this section does not affect the royalty rate for byproducts.

(b)(1) The royalty rate for leases whose terms are modified and production from which is used for commercial generation of electricity is prescribed in § 3211.17(b).

(2) The direct use fees or royalty rate for leases whose terms are modified and production from which is used directly for purposes other than commercial generation of electricity is prescribed in § 3211.18(a) of this part and MMS regulations at 30 CFR 206.356.

**§ 3212.26 How do I submit a request to modify the royalty rate terms of my lease to the applicable terms prescribed in the Energy Policy Act of 2005?**

(a) You must submit a written request to BLM that contains the serial numbers of the leases whose terms you wish to modify and:

(1) For direct use operations, any other information that BLM may require; or

(2) For commercial electrical generation operations, for each month during the 10-year period preceding the date of your request (or from when electrical generation operations began if less than 10 years before the date of your request):

(i) The gross proceeds received by you or your affiliate from the sale of electricity;

(ii) The amount of royalty paid;

(iii) The amount of generating and transmission deductions subtracted from the gross proceeds to derive the royalty value if you are using the geothermal netback procedure under MMS regulations to calculate royalty value; and